



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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LOWER FEED COSTS INCREASE CATTLE PLACEMENTS

THE NUMBER OF CATTLE ON FEED in the 23 major states was up 5 percent from 1976, at 9.8 million head, according to the October 1 USDA quarterly report. That makes the third quarter this year the first one in which the total was higher than last year. Steers and steer calves numbered 6.3 million, an increase of 7 percent from a year earlier. Heifers and heifer calves were only up 3 percent, at 3.4 million; but even so, this was a record number for October 1.

CATTLE PLACED ON FEED

The total for cattle placed on feed in the July-September quarter was almost 6.4 million head, a 14-percent increase from 1976 and a record number of placements for this quarter. Of the 770,000-head increase in placements, the leading states were Texas at 187,000, Nebraska at 185,000, and Iowa at 150,000.

MARKETINGS

The marketings for July-September totaled 6.2 million head, a trifle over the 6.1 million feeders intended to market for the quarter as of the July 1 report. The number marketed was down 1 percent from marketings for the same period in 1976.

For the October-December quarter, feeders indicated they expected to market 5.8 million head--an increase of 3 percent over the previous year. Judging from the weight distribution of the cattle on feed, they are not likely to exceed the expected 5.8 million, and may be a trifle under it.

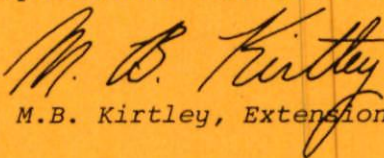
The greatest increases in cattle on feed were in the light-weight categories. Steers weighing over 1,100 pounds totaled only 388,000, down 21 percent from the previous year. Heifers over 900 pounds totaled 472,000, also 21 percent under the previous year. The lower numbers in the heavier weights indicate the current condition of feed lots in their market programs. Heavier-weight cattle are in relatively tight supply. Steers and heifers in each of the two heavier weight categories--steers over 900 pounds and heifers over 700 pounds--totaled 4.4 million, a reduction of 3 percent from last year. These cattle will provide the bulk of the fed cattle to be marketed during the fourth quarter.

Illinois feeders reported an October 1 inventory of 460,000 head--a 12 percent increase from 1976. During the July-September quarter, they placed 275,000 cattle on feed--a 20 percent increase from last year. Their plans are to market 1 percent fewer cattle in the coming quarter than during the same period a year ago.

EVALUATION

Lower feed costs and improved prices for finished cattle have provided better returns in cattle feeding. This has brought a stronger demand for feeder cattle. Firmer prices for feed grains and some hesitation in price advances for finished cattle have resulted in recent price declines for feeder cattle. As the harvest is completed, prices for feeder cattle are likely to strengthen again.

Prices for finished cattle probably will continue to be influenced more by the total level of slaughter and retail demand than by the supply of fed cattle. Total slaughter has continued at near last year's level. The slaughter of cows and non-fed steers and heifers will decline. Retail demand has shown some evidence of improvement. For the remainder of the year, the prices for Choice grade cattle are likely to stay near current levels. With the increased slaughter in the first quarter, next year's prices may weaken; but lower total slaughter should again bring a price rise in the spring. The cattle situation is improving. Yet, total meat supplies are still large and expectations should not be too great.



M.B. Kirtley, Extension Specialist, Livestock Marketing

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign
Urbana, Illinois 61801

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